2007-03043/

Ottawa, May 29, 2006
2006-019

Government of Canada Rejects Trade Restrictions on Imported Bicycles and Barbeques

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Minister of Finance Jim Flaherty and Minister of International Trade David L. Emerson today announced that the Government of Canada will not impose special trade restrictions on imports of bicycles and barbeques.

The Canadian International Trade Tribunal (CITT) had recommended last fall that the Government of Canada impose surtaxes on imports of bicycles and barbeques as a way to counter the effects of increased imports of these products.

"After considering all of the information, it was determined that temporary protective tariffs simply wouldn't provide a competitive long-term solution in these two cases," said Minister Flaherty. "We want to grow and strengthen our economy, and imposing these surtaxes would have increased costs for both Canadian retailers and consumers."

"The Government of Canada recognizes that many Canadian manufacturers are adjusting to fast-changing global realities," added Minister Emerson. "We will continue to work closely with the private sector to develop trade strategies that will maximize the benefits of Canada's role in global supply chains."

Today's decisions address two reports released last year by the CITT, a quasi-judicial body responsible for conducting inquiries into complaints by Canadian manufacturers that increased imports are causing, or threatening to cause, injury to the domestic producers of directly competitive goods.

Bicycles are already subject to a high rate of tariff protection, and in the case of barbeques this surtax would likely result in low-cost products being imported from countries other than China.

"Our government believes there is a better way," said Minister Flaherty. "To ensure Canada remains competitive in the global marketplace, we are reducing taxes and providing additional support for education and the skilled trades. These tax measures include lowering the GST as well as small business and

other corporate taxes, and providing tax credits to encourage apprenticeships."

In all safeguard cases, the decision as to whether to impose border measures on the basis of a report from the CITT rests with the Government of Canada. Any decision to impose measures on imports is based not only on the CITT's report, but also on an assessment of whether these special measures would promote the long-term viability of the domestic producers seeking protection, as well as the potential effects on other Canadian interests.

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Backgrounder

On May 29, 2006, the Government of Canada announced that it will not impose special trade restrictions on imports of bicycles and barbeques. Since Canadian International Trade Tribunal (CITT) reports were issued, a large number of stakeholders have expressed their views to the Government. In making its decision, the Government has considered all the relevant factors, including the views expressed by these stakeholders, prices for retailers and consumers, and Canada's role in the global economy.

The Bicycle Case

On February 10, 2005, the CITT initiated a global safeguard inquiry on imports of bicycles and bicycle frames from all sources following a complaint it received from some Canadian producers. On September 1, 2005, the CITT submitted its inquiry report to the Government. The CITT concluded that imports of bicycle frames were not injuring the domestic industry, but that imports of certain bicycles were causing injury to the domestic industry. As such, the CITT recommended the imposition of a declining surtax (30 per cent in the first year, 25 per cent in the second year and 20 per cent in the third year) to be applied on bicycles valued at $225 or less at the time of importation.

The Barbeque Case

On July 11, 2005, the CITT initiated a safeguard inquiry on imports of barbeques from China following a complaint it received from some Canadian barbeque producers. On October 11, 2005, the CITT submitted its inquiry report to the Government. The CITT concluded that imports of barbeques from China were causing market disruption to domestic producers, and therefore recommended the imposition of a surtax of 15 per cent for a period of three

years.

Safeguards

A safeguard measure is an emergency measure aimed at addressing injury to domestic industry caused by a surge in imports. A safeguard measure can come in the form of a surtax, quota or tariff rate quota. Prior to these two cases, there had been only two safeguard inquiries in Canada over the last 25 years. The previous inquiry was initiated in 2001 and concerned steel products. In that case, the Government did not implement the safeguard measures recommended by the CITT. The last imposition of a safeguard measure in Canada dates back to 1993 and concerned imports of boneless beef.

The Canadian International Trade Tribunal

The CITT is an administrative tribunal operating within Canada's trade remedies system. It is an independent quasi-judicial body that carries out its statutory responsibilities in an autonomous and impartial manner.

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